

Good evening and welcome. Pastor Schmidt, thank you, for reminding us of our responsibilities to one another. Erika, thank you for reminding us of the country in which we are privileged to live. Finally, Emmie, our younger daughter, thank you, for welcoming and introducing many of the guests here this evening.

Ladies and gentlemen, as Mayor, it is my responsibility for the third time to describe to you the State of our City, to share with you my honest assessment of Chula Vista's accomplishments and challenges, and invite you to look with me at our future.

Governing is easier in the good times, but these aren't the good times. They're challenging and critical times. We've read the headlines. Corporations that were the backbone of our national economy are upside down. Our favorite national chains and local stores are closing.

On April 10, four weeks from today, 37 City employees will be laid off in order to close a budget gap that keeps growing. Another 31 or so employees participating in the third round of the early retirement program are preparing to walk out the door. And if we don't identify new funding sources—and soon-- another 75 positions will be gone by July 1.

And that's in addition to other cost-saving measures that have been implemented throughout City Hall.

We believe that those layoffs are the only responsible course in the budget crisis and yet all those people provide city services. City workers fill the potholes in your streets. They are the police officers who keep your neighborhoods safe. They are the firefighters who respond to a family emergency. Employees clean your parks, trim trees and paint over graffiti. They teach your children how to swim and play basketball. They bring your local libraries to life.

Without these people, these city services are becoming an endangered species. Without these people, our city will become a much different place. We must decide how things will look in the very near future.

If we want to protect the services we have today, we must replace lost revenues and those that we continue to lose.

Everyone is anxious about the future. But we can't be paralyzed by fear. Last month, four members of the City Council agreed: the public should vote on a tax measure that seeks to protect vital public services. Proposition A, which calls for a temporary, 10-year, one cent increase in local sales tax, is a way to protect the city services you've told us you depend on and value.

To those who say, "Cut the fat from the budget," I say, "Look. We've been cutting the budget for the past two years." Cutbacks began when Councilmember Ramirez and I took office in 2006. Then, we cut 6 million dollars from the budget and another \$26 million was cut 15 months ago. This led to the elimination of 160 positions. Those cuts affected every department and every service in the City. And that was before nationwide financial failures contributed to a global economic meltdown.

Our revenue has continued to plummet. We've responded with layoffs and unpaid furloughs. We've urged people to retire early. We froze salaries, merged departments and cut managers' benefits. Our unions are voluntarily giving up their next two raises. We've put off major purchases and improvements.

It just isn't enough. We still face a \$20 million shortfall this July. And we've got to cut \$3.5 million to get through the next three and a half months. We have been responsible. We literally cut all the fat, and now we're into the bone.

It's all well and good to say "Do more with less". Well, there comes a time when neither a gym nor a library can remain open with too few employees. Fewer people to remove graffiti means more graffiti. Fewer people to fix potholes means more potholes. Less money for police means no K9 officers, patrol cars that don't run, and police staffing that is under par for the 14th largest city in California.

It has come to this: Either we generate additional revenue...or continue making deep cuts to the services on which residents and businesses depend and which make Chula Vista a wonderful place to live.

Chamber of Commerce President Chris Boyd said earlier this year, "We all love this community. We may disagree on exactly how we get there, but we are all passionate about wanting what's best for Chula Vista."

Chris, like me, believes in connecting the dots between our city's livability and revenue to pay for services. We should protect our City and our City's assets. We all want good, high paying jobs right here in town, safe neighborhoods, better streets, clean air and water, sewer systems in good repair, great parks and libraries, strong housing stock, a variety of shopping venues, and reliable transportation.

When these and other services degrade, the City's livability declines. That will happen right before our eyes-- sooner than later--- but only if we let it happen.

So, where do we go from here? The problems we face are enormous, but they're not insurmountable. Not if we pull together. We don't know when the economy will stabilize. We don't know how the federal economic stimulus monies will help. But we do know what it takes to maintain the services we have. Together we must decide: we figure out a way to pay for

critical services, or we live without critical services. Voters will tell us what they want. As much as we try, we can't be everything to everybody.

A tax measure isn't going to solve everything. It's a temporary tool to get us through the worst recession many of us have ever seen. Over the past two weeks, I've met one-on-one with each of this City's Department heads to find out for myself: I've asked them, "What do you have? What do you need? How can the gap between the two be bridged?"

Here is what I learned could be in store for us in July:

In law enforcement: K9 units will be eliminated. A reduction in resources combined with fewer detectives and investigators will hurt the police department's ability to track down the bad guys. Who's going to keep the sexual predators, gang members and thieves away from our kids and homes? Our Police Chief made this sobering statement: "We're facing a fundamental change in the fabric of this organization. We're moving from being able to find a way to do what needs to be done to having to say, 'No, we can't do that.'"

In our libraries: Children love the magic of story hour. But starting July 1, the library's 74 story hours will drop to only eight. That limits the program to a mere 300 instead of three thousand young listeners. Library hours will be cut again and we won't have the latest books, DVDs and magazines.

In public works: Our residents expect graffiti to be removed in 48 hours. With half the graffiti crews gone, the City will take longer to remove it. With anticipated cuts to our road crews, potholes will take longer to fill. And what about the 54 parks in our City? When Park Rangers are eliminated and maintenance crews are reduced, the parks will deteriorate.

Speaking of parks, many of you like to make park reservations online. In fact, residents can do a lot of their business with the City online. They can apply for a business license, sign up for

recreation programs or report a broken streetlight. But those online services are in jeopardy because of cuts to our IT department.

In Recreation: All recreation centers will close on Sundays because there won't be enough people to staff them. And the Norman Park Center that serves more than 100,000 seniors a year has already reduced its hours. In July, programs like R U OK will be shut down.

PRIORITIES

It's not just about Prop A. That is for the short-term. We need to fix the parts of government that are broken. The bigger picture, the long-term health of our city, requires that we nail down our priorities:

1. We must create a community in which we encourage environmentally sustainable growth. We must set policy that promotes education, clean-technology, and high-paying jobs, and increases our tax base – all of which lead to a better quality of life. The City's financial stability depends upon diverse revenue streams and good jobs for our residents.
2. We must attract new businesses and retain the ones we have. We cannot afford to allow good jobs and businesses to leave Chula Vista. A truly business-friendly government provides consistent, streamlined responses, online when possible, and advice that gives customers the information they need.
3. We must not create spending obligations that grow faster than revenue.
4. We must lay the groundwork now for the future, on the bayfront, along Broadway, E and H Streets, Third Avenue and in undeveloped land in Eastern Chula Vista, so we can position our City to move quickly when the economy improves.
5. We must diversify revenue to give us greater income stability, allowing our City to weather the bad times.

6. We must be accountable to residents and businesspeople as we build financial stability, identifying one-time revenue and holding it for times of economic downturn. We must live within our means. To that end, Councilmember Bensoussan is hard at work on ideas for the establishment of an Independent Prop A Advisory Committee so that voters can be assured their tax dollars will be spent as intended, with appropriate controls and oversight.

CHALLENGES

Clearly, we have a lot to do.

We've had our challenges, and will continue to address them:

Chula Vista is working with businesses and residents to put them in control of their energy future. Consumers can use the City's free energy assessment program to reduce their energy costs and go green. Chula Vista's program will also help homeowners and small businesses overcome the upfront costs of installing solar and make energy efficiency improvements that stabilize their rates and further reduce monthly costs. Last year, the City's partnership with SDG&E saved businesses an estimated one million dollars in energy and water costs.

You can't talk about energy without thinking about the obsolete South Bay Power Plant. The Port's operating agreement calls for the Plant to begin decommissioning in November. Here's what has to happen:

- SDG&E negotiates agreements to replace the power reliably,
- the Public Utilities Commission approves the deal,
- the California Energy Commission approves a power plant to replace South Bay, if necessary, and

- the California Independent System Operator agrees that a new power source can be transmitted reliably.

Until all these things happen, this bayfront relic will continue to operate. And so, progress in removing this Plant from our bayfront inches forward too slowly.

About that bayfront: The City Council must urge San Diego Port Commissioners to certify our bayfront Environmental Impact Report. That will position the bayfront for investment and allow bayfront roads and parks to be part of the federal economic stimulus package. We must urge them to complete the land exchange with Pacifica Companies.

Gaylord's negotiations with the Port to build a hotel and convention center on Chula Vista's bayfront didn't work. We've learned from this experience. Prolonged planning and approval processes, a complicated legal and regulatory structure, and excessive off-site infrastructure costs need to be resolved before serious discussions can be held with a new development partner. With all the goodwill in the world, no responsible development partner will wait forever. They need certainty, and they need results.

We know that Gaylord's proposed one billion dollar investment was not adequate to pay for almost \$200 million in offsite infrastructure. Therefore, we need a plan to pay for roads, sidewalks, water lines and open space that are part of a thoughtfully considered Bayfront Master Plan.

I spoke earlier about the federal stimulus package. Chula Vista submitted a half billion dollars in shovel-ready projects. We don't know how much money we'll receive, but we're going to prioritize projects that produce jobs and long-standing benefit to the community.

Although we're not at the groundbreaking stage yet for the University Park and Research Center, in the months ahead, we'll nurture new and existing partnerships for higher education,

continuing education, and career tech programs that lead to jobs and good careers. Southwestern College and Sweetwater Union High School District will help us navigate a City/Schools partnership on 375 acres east of the South Bay Expressway. The two-year timeline stipulated in land acquisition agreements signed last spring for the Otay Land and Otay Ranch Companies to process development entitlements must begin soon.

Volunteerism

With all the problems before us today, it's easy to lose sight of the good things. And there are good things. The people of Chula Vista are doing what we have always done, helping each other.

- The **Friends of the Library** carpeted the Children's Room in the Civic Center Library and raised tens of thousands of dollars for book purchases;
- A \$50,000 **Kaiser Foundation** grant expanded Recreation's Learn to Swim program for more than 1,000 fourth graders;
- The **Friends of Recreation** sponsored **Fun to Be Fit** programs attended by thousands of children and youth;
- The **Friends of the Chula Vista Nature Center** helped raise over half a million dollars for the Nature Center's operation and endowment;
- Chula Vista Elementary School District letters to parents helped boost Nature Center attendance.
- ***Endow Chula Vista*** welcomed 22 Charter members; and there's room for more.
- Hundreds of volunteers help the city as members of

Boards and Commissions, the Chula Vista Redevelopment Corporation and
Redevelopment Advisory Committee,

the Senior Volunteer Patrol,
the Citizens Adversity Support Team,
the Animal Care Facility, libraries, Norman Park Center and other facilities and
offices,

Please join me in recognizing them.

And our City accomplished many other important milestones in the past year:

1. A new agreement with SDG&E will result in bayfront transmission going underground and overhead lines starting to come down this fall;
2. Renovations were completed at Gayle McCandliss, Eucalyptus, and Lauderbach Parks
3. Four million dollars in pavement preservation projects were completed in 2008.
4. Ninety-two affordable units for low income households were completed in Winding Walk;
5. 42 low-income units are under construction at Los Vecinos, an example of sustainable development; and
6. First-time homebuyers will be helped through 2.8 million dollars in federal Neighborhood Stabilization funds to purchase foreclosed property in Chula Vista,

BEING PART OF THE SOLUTION

Each member of the City Council sees public safety as a priority. We also have these individual interests.

Pamela Bensoussan's passion is historic preservation. She will help lead Chula Vista's 2011 Centennial Project as we build a Committee of 100.

Rudy Ramirez' interest is cross-border cooperation. He is building a network of binational relationships.

Steve Castaneda focuses his attention on energy.

And John McCann is determined to bring the Chargers to Chula Vista.

My passion is for education, and for habitat and wildlife preservation that lie at the heart of the Chula Vista Nature Center. Marino de Boer is a little boy who held his birthday party at the Nature Center, then donated \$300 of his birthday money to help keep the Nature Center open. Do you realize if every Chula Vistan visits the Nature Center at least once a year, paid admission would assure its funding? Just once a year—on your birthday, take a friend, and go back on your friend's birthday.

I encourage you to join me in being part of the solution to the challenges ahead. We're all tightening our belts. Let's put aside differences and work for the common good, investing in the assets – police, fire, streets, parks, libraries – that keep Chula Vista a good place in which to live.

There are a few people to thank this evening: Nixle has generously hosted the reception in the lobby to your left, as you exit the Chambers. Nixle's free communications service is described in this evening's program. Desserts are from Maya Chiang's Cake Boutique and Café on Third Avenue, and Chula Vista High School's Spartan String Orchestra will perform throughout the reception. My special thanks go to Liz Pursell, Colleen Carnevale, and Jennifer Quijano who helped fine-tune my remarks this evening.

Finally, please allow me to introduce Pastor Jonathan Singleton. Late last year, Pastor Singleton paid an unscheduled visit to my office. He said he had watched City Council meetings on television and wanted me to know that he and the First Southern Baptist Church congregation would pray for me and the City Council. He is here tonight to offer the benediction.

In closing, I want you to know that I respect the courage and cherish the strength of our City employees, for they inspire us to be better people. Thank you for being here this evening.

